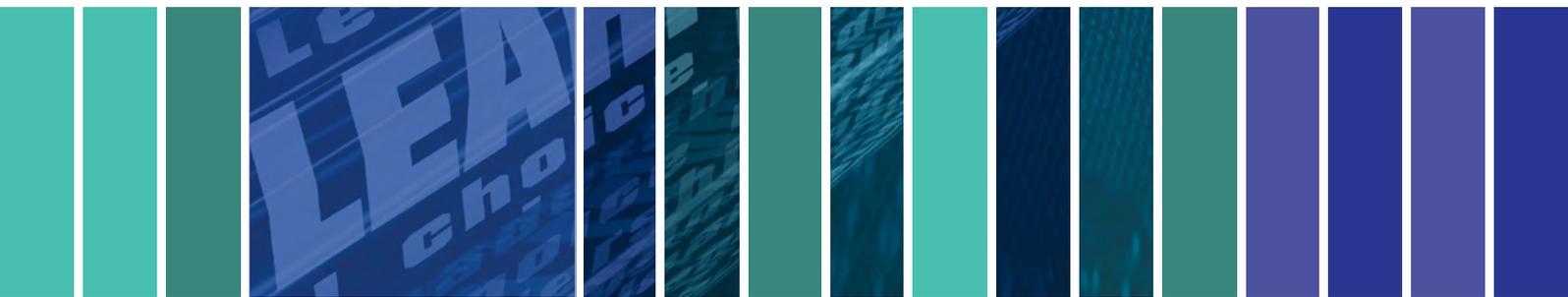


# Digital Disruption

Leadership  
in times of change



## Munich Executive Summary

AN EXCLUSIVE EVENT BY



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## The Digital Disruption Leadership Challenge

Business is changing. Old models of working are crashing down. Tried and tested ways are being challenged – and at the heart of it all is digital transformation.

The journey towards digital is no passing fad – it's now become an essential rite of passage. It's the only way organisations will stay relevant to their customers, respond quicker to change, and innovate their products and services to protect their long-term futures.

And yet while the technology needed to achieve this is an important constituent, what is sometimes forgotten is an element arguably much more significant – the human aspect; one that involves real leadership transformation. For digital transformation to truly happen, individual leaders must confront their fears and personally transform. They must be champions of change, create followership around it, and live the values digital entails. In short: in a digitally disruptive environment, the role of leaders is ever more magnified.

The recent Digital Transformation Readiness Survey, conducted by the Center for Creative Leadership (CCL) and CorporateLeaders, reveals it's precisely this important human aspect that remains the main barrier to change.

For despite there being an urgent need for change to be managed and understood by all tiers in organisations, the survey finds it's a 'lack of a clear vision' (a key leader responsibility) that is the second-most cited challenge blocking digital transformation journeys (46%), with 'resistance to change' also high (34%). Top of list is 'insufficient internal skills' (55%) – the responsibility for which also lands on leaders' plates.

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It's precisely because the digitisation of companies doesn't just involve technology – but rather the digital disruption of leaders too – that CCL, in partnership with CorporateLeaders, hosted a series of special roundtable meetings across Europe. The Munich event which was moderated by Lynn Collins, CCL's General Manager Germany, Austria and Switzerland, and featured presentations by Martin Wilckens, Senior Manager HR Digital & Innovation at Deutsche Telecom AG and Joseph Press, Global Innovator & Strategic Advisor at CCL, brought together senior leaders from some of Europe's largest companies to share experiences and explore the key challenges we face today.



## Forging Digitally Savvy Leaders

CCL believes digital disruption involves working with organisations to digitise not just processes and products, but their leaders too – creating digital savvy leaders with the passion and purpose to lead their digital transformation projects.

In the whitepaper 'Leadership, Disrupted' Joseph Press is clear in his appraisal about how leaders will need to adapt. "Get ready to be brave. Disruption is either in your face or just on the horizon...the ripples and waves will continue to flow, and there's no expectation that the turbulent waters of change will recede."

Bravery is clearly a state of mind, but what leaders also need, he argues, is more than just good emotional intelligence; they need a much more refined toolkit. And it was their ability to coolly assess the benefits digital brings, as well as make good on the personal change they need to embrace to achieve it, that was central to his talk to delegates.

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"The key requirement for leaders is understanding the real and potential impact these different digital technologies will have," he told audience members.

"Your business strategy is always going to want to use digital and your customers (either B2B or B2C) will always be looking for new ways to engage with your products." Leadership awareness involves understanding where the organisation needs to be – including the role innovation has to play to make the business more competitive.

Being cognisant of digital's involvement in the innovation agenda is an important first step, because it's this that moulds how any digital transformation decisions should proceed – and it's this that also helps maintain the importance of the people-aspect.

"Leaders need to create common languages," Press espoused. They need to have a shared direction so that innovation is aligned to the rest of the business. Corporate leadership really does start with the individual leader. Leaders should best think of themselves as business 'enablers'.



## Igniting Transformation

According to Press, a huge part of being an 'enabler' is to be the person that helps 'ignite transformation' – that is, play a very personal role in the change that the organisation needs to see. "If we're looking at digitisation of processes, then there's the adoption aspect that also needs planning for – for instance staff training for the masses and then reverse mentoring programmes for the leadership level," he said. "But to ensure an enabling culture is created, leaders must personally 'ignite transformation' by demonstrating a clear and passionate intent to innovate."

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In the 'Leadership Disrupted' whitepaper, Press expands on the CCL approach for framing the leadership challenge: broadly this requires leaders to understand 'how you got here' and 'where you need to be', so that they can 'disrupt their role'; 'disrupt their identity' and then finally 'disrupt their meaning.'

A way to think about digital transformation, Press suggested to take a holistic approach. Using the 'transformation trifecta' model, leaders need to set an innovation direction, use design to co-create a movement, and when these are in place, leaders can deploy digital and reap the benefits. Once more, this three-pronged approach focuses on the fact that change is first and foremost a 'people' task, where preparing the ground (ie the people) is just as important as putting in the technology.

"The transformation trifecta has the power to transform and create what is commonly known today as a move, It's about leaders' own personal leadership but also leadership from their teams – from those who are responsible for driving change."

Being a digital leader is about being a catalyst to make movements happen.

Get it right and organisations will truly develop and forge 'digitally savvy' leaders. Being a digital leader is about being a catalyst to make movements happen. For many who have not grown up in a digital world it is essential to accelerate their own personal journey. Digital transformation is ultimately not just how leaders disrupt their organisation but also how they disrupt themselves.



# The 'Ten Commandments' of Digital Transformation

There are many different approaches organisations can take towards their digitisation journey, and the ways that may work for some might not work for others. Whatever the approach though, a clear roadmap is essential. However, one problem is that many organisations still fail at this first hurdle. The Digital Transformation Readiness Survey reveals a significant lack of a clear roadmap (from 31% of respondents) for the way digital will help the business deliver its objectives.

This is why Martin Wilckens, Senior Manager HR Digital & Innovation at Deutsche Telekom AG, shared his story in a ten-point checklist form that acts as a blueprint providing examples of digital transformation enablers based on his experience.

## Ten-Point Check List for Digital Transformation

1. Speak to your customers
2. Make people curious
3. Explore digitisation and test it
4. Build upon the coalition of the willing
5. Use design thinking for real business
6. No paper
7. Focus on enabling
8. Educate the leaders
9. Start small, but start
10. Change yourself

"In times of transformation, it's important to speak to your customers," said Wilckens. This includes both internal and external customers. "We set up a 'personas' approach to identify the needs of 150,000 European Deutsche Telekom staff, to establish elements such as 'what are their working conditions and collaborative needs', and 'what are their digitalisation needs' in order to identify the training and skills development requirements for success."

Doing this helps make people curious. Curiosity – he claimed – cannot be under-estimated, because by creating this emotion amongst staff, it prevents the main thing that can hold many transformation journeys back – fear. "It's important to make people curious to make them willing to learn and get in contact with new topics," he argued. "It's why our journey started with the launch of a Magenta MOOC (Massive Open Online Course) where at one, 4,500 participated around design thinking to explore what it is and make them curious in the first place."

**A curious workforce will want to both explore digitalisation and test it as well as build on the coalitions of the willing.**

A curious workforce will want to both 'explore digitalisation and test it' as well as build on the coalitions of the willing. "There will always be resistance to new tools, so people must be allowed to test," he said. "Backed up by a willing coalition of HR, IT and communications departments, we decided the best way was to push forward new solutions together. The positive message from this was that our initiatives made it to the top of the board's prioritised transformation programmes – a significant achievement."

Design thinking, Wilckens said, helped to ensure a focus on enabling – where performance and new ways of working are achieved by guides that focus on establishing solutions. Another point, not surprisingly, is no paper. "Digitisation is supposed to be all about a new way of working."

No less important is to start small (including making a start 'even if you don't think you're ready'), and educate leaders. On the latter, Wilckens argued it was essential HR implements reverse mentoring because leaders must adapt and must be challenged from all fronts. And finally change yourself – "identify your fears, find out what you need to learn, and work on how you can become digitally savvy."

## Getting Leaders on Board

Here was an event that, while focusing on greater use of digital technology for business transformation, was clearly dominated by 'people' issues too. If this event's discussions proved anything, it was that digital transformation is seen ultimately as a change of business mindset as well as a change of technology, and that this mindset change must come from the top.

Both talks generated an engaging discussion, which CCL's Lynn Collins moderated. Initially delegates wanted to know if they needed to do all-ten 'commandments' at once – to which Wilckens suggested no. "You can get up and running with any one of them on their own – just get started," he said.

The issue of push-back to change from disengaged staff was a particular area of interest – one which fuelled discussions. "Change is about creating lots of coalitions," one of the delegates said. "Ultimately you have to assume that you won't be able to reach out and convert everyone. For these people, letting them exit the business could be the best policy," he continued.

However, Press argued that by specifically seeking out those who most resist, and making a personalised appeal to them, these people could actually be the best promoters internally. "Sometimes it's best not to label change as a digital transformation project at all," he added. It's often better to ask questions about how to improve efficiency or how to get a new product out. Framing transformation from a business perspective engages people, which encourages changing mindsets," he said.

One of the delegates observed how it's usually the 'masses' (ie employees) that can be relied on to carry out change, and that – unsurprisingly perhaps – it was leaders who most resisted change. It was added that "leaders can refuse to test," and that they often "claim to know what's best." Also, "they want short-term results and are impatient, which aren't compatible with design thinking - in fact, it hinders." This sentiment was also revealed in the Digital Transformation Readiness Survey, where only 35% of respondents agreed that leaders currently act as role models for digital change in the business.

"Change is about creating lots of coalitions."



## Having an Open Mind

In addition to thinking they know it all, leaders' proclivity to micro-manage was regarded as another major barrier to the risk taking that's needed for transformation. Some suggested removing layers of leadership to address this; others wanted Gen Y to reverse mentor leaders, while others suggested leaders don't need to understand the nuts and bolts of every new technology minutely, just have an open mind to it.

"All of this is a challenge for HR from a developmental perspective," said one. "Change is only driven by acknowledging what benefit digital natives can bring. Leaders need to admit they don't know everything, and that it's OK not to know." As another delegate added: "Us Gen Xers need to embrace what new tools can offer – but it requires leaders to be more humble to say they need it."

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One audience member identified differences in thinking between more senior staff and digital natives – differences that can create culture clashes. He said: "The challenge is how do we integrate more conservative people with the new generation that doesn't care for policy and procedure. The people challenge is huge. Digital "geeks" come in, and more senior people are perplexed at their methods! The question is how you keep the best bits of the old and integrate the new."

To this, Press said companies need to be ruthless about retiring old policies that no longer 'work'. "Disruption is not a solution. It's a method for rethinking processes," added Wilckens. "You have to expect to make mistakes. Start small, but at least start, because small positive experiences create a positive impact."

The consensus was that leaders must manage their own, and their employee's expectations better, by understanding there is a difference between companies 'born digital' (i.e. Google) versus those trying to become digital. "Expecting to become digital overnight is unrealistic. On that basis transformation won't succeed," said one of the delegates.

## Digital Transformation Is Ultimately a Change of Mindset

Despite a focus on digital platforms for business, it is clear that 'people' dominate the transformation mandate.

CCL believes change is nothing unless it is truly experienced by the rest of organisation. Careful, more thoughtful leadership is needed to see this happen. The challenge is great, but the sense was that when taken step-by-step, transformation is absolutely possible.

If this event's discussions proved anything, it was that digital transformation is ultimately about a change of business mindset, as well as a change of business and technology. This mindset change must come from the top. Transformation through digital is a process which insists that old ideas will need updating; updating to ensure organisations put themselves on a footing that will give them the ability to respond to even more waves of disruption that will inevitably come.

## Let's Talk

If you would like to talk about how to turn your leaders into digital transformation champions, please contact Ugne Tornau, Client Relationship Advisor at CCL, on +32 2 679 09 10 or [events@ccl.org](mailto:events@ccl.org) for more information.

Or visit our site [www.ccl.org/leadership-solutions](http://www.ccl.org/leadership-solutions)

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CCL is redefining the field of leader development beyond individuals to embrace the leadership development for you, your business and the world that together set direction, obtain alignment and commit to imperious change results. CCL believes that organisations need to bring leadership development and capability to the next level of maturity while implementing strategic imperatives. Organisations who can successfully navigate these turbulent waters will be success in managing complex changes they face.

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